

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and Regulations
(Also Part 1, § 1397E)

Rev. Proc. 2004-61

SECTION 1. PURPOSE

Pursuant to § 1397E(e)(2) of the Internal Revenue Code, this revenue procedure sets forth the maximum face amount of Qualified Zone Academy Bonds (“Bond” or “Bonds”) that may be issued for each State for the calendar year 2004. For this purpose, “State” includes the District of Columbia and the possessions of the United States.

SECTION 2. BACKGROUND

.01 Section 226 of the Taxpayer Relief Act of 1997, Pub. L. 105-34, 111 Stat. 821 (1997), added § 1397E to the Internal Revenue Code to provide a credit to holders of Bonds under certain circumstances so that the Bonds generally can be issued without discount or interest. Ninety-five percent of Bond proceeds are to be used for qualified purposes, as defined by § 1397E(d)(5), with respect to a qualified zone academy, as defined by § 1397E(d)(4).

.02 Section 1397E(e)(1), as amended by § 304 of the Working Families Tax Relief Act of 2004, Pub. L. 108-311, 118 Stat. 1166 (2004), provides that the national Bond limitation is \$400 million for each of the years 1998, 1999, 2000, 2001, 2002, 2003, 2004, and 2005. This amount is to be allocated among the States by the Secretary on the basis of their respective populations below the poverty level (as defined by the Office of Management and Budget) and is to be further allocated by each State to qualified zone academies within the State.

.03 Section 1397E(e)(4), as amended by § 509 of the Tax Relief Extension Act of 1999, Pub. L. 106-170, 113 Stat. 1860 (1999), provides that any carryforward of a limitation amount may be carried forward only to the first 2 years (3 years for carryforwards from 1998 or 1999) following the unused limitation year. For this purpose, a limitation amount shall be treated as used on a first-in first-out basis.

.04 Rev. Proc. 98-9, 1998-1 C.B. 341; Rev. Proc. 98-57, 1998-2 C.B. 682; Rev. Proc. 2000-10, 2000-1 C.B. 287; Rev. Proc. 2001-14, 2001-1 C.B. 343; Rev. Proc. 2002-25, 2002-1 C. B. 800; and Rev. Proc. 2002-72, 2002-2 C.B. 931, allocated among the States the national limitation for 1998, 1999, 2000, 2001, 2002, and 2003, respectively.

SECTION 3. NATIONAL QUALIFIED ZONE ACADEMY BOND LIMITATION FOR 2004

The 2004 national limitation for Bonds is \$400 million. This amount is allocated among the States as follows:

<u>STATE</u>	<u>MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE ISSUED PURSUANT TO THE CALENDAR YEAR 2004 LIMITATION</u>
Alabama	\$7,004,000
Alaska	\$613,000
Arizona	\$8,044,000
Arkansas	\$5,822,000
California	\$50,399,000
Colorado	\$4,772,000
Connecticut	\$3,054,000
Delaware	\$799,000
District of Columbia	\$1,062,000
Florida	\$22,524,000
Georgia	\$10,277,000
Hawaii	\$1,510,000
Idaho	\$1,609,000
Illinois	\$17,445,000
Indiana	\$6,041,000
Iowa	\$2,922,000
Kansas	\$2,944,000
Kentucky	\$6,249,000
Louisiana	\$8,504,000
Maine	\$1,861,000
Maryland	\$4,378,000
Massachusetts	\$7,092,000
Michigan	\$12,608,000
Minnesota	\$3,557,000
Mississippi	\$5,615,000
Missouri	\$6,030,000
Montana	\$1,335,000

MAXIMUM FACE AMOUNT
OF BONDS THAT MAY BE
ISSUED PURSUANT TO
THE CALENDAR YEAR
2004 LIMITATION

STATE	
Nebraska	\$1,981,000
Nevada	\$2,058,000
New Hampshire	\$799,000
New Jersey	\$7,453,000
New Mexico	\$3,590,000
New York	\$29,441,000
North Carolina	\$12,750,000
North Dakota	\$799,000
Ohio	\$12,028,000
Oklahoma	\$5,352,000
Oregon	\$4,159,000
Pennsylvania	\$12,608,000
Rhode Island	\$1,270,000
South Carolina	\$6,216,000
South Dakota	\$930,000
Tennessee	\$9,182,000
Texas	\$36,795,000
Utah	\$2,495,000
Vermont	\$668,000
Virginia	\$7,683,000
Washington	\$7,191,000
West Virginia	\$3,207,000
Wisconsin	\$5,111,000
Wyoming	\$482,000
American Samoa	\$385,000
Guam	\$405,000
Northern Marianas	\$373,000
Puerto Rico	\$20,132,000
Virgin Islands	\$387,000
Total	\$400,000,000

SECTION 4. EFFECTIVE DATE

This revenue procedure is effective as of October 7, 2004, and applies to Bonds issued pursuant to the national limitation for calendar year 2004 on or after January 1, 2004.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Zoran Stojanovic of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt & Government Entities). For further information regarding this revenue procedure contact Mr. Stojanovic on (202) 622-3980 (not a toll free call).